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treats television stations like a toaster with pictures, as one of our previous chairmen called it.

With encouragement from the broadcast industry, the FCC has systematically removed you, the public, from the license renewal process, and other meaningful points of interaction between broadcasters and the communities that they're licensed to serve.

For example, broadcast stations are permitted to maintain a Maine studio and public files well beyond the community of license, so you don't have easy access to it. Today fewer broadcasters have citizen agreements with local community organizations. Few broadcasters hold meetings with members of the community to ascertain the community's interests and needs and forceful public interest obligations that require broadcasters to maintain logs of what they were doing that was responsive to the community; and local, civic, and national concerns have been decimated, and the license renewal process has dwindled down to a postcard rubber-stamped process.

The end result is that today many stations are unattended and operated from remote locations. Residents are discouraged from monitoring the station's performance or from having any dialogue with the station or from having any input on the process, and the

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community's role is often nonexistent. And frankly, in all this, the FCC has failed to protect the interest of the American people.

(Audience applause.)

Well, we're here today to tell you that we do care. We hope you have the time to make it up here. I'm concerned that not a single locally owned and operated commercial TV station is left here in Portland. I'm concerned that there's only one local owner of a full-powered commercial radio station that is here in Portland. This wasn't the case a decade ago before consolidation.

Portland, which is Maine's cultural, social, and economic capital, used to be able to boast about three major network TV affiliates that were locally owned, and one of the owners was female. Studies have shown that the ownership of Maine media is already highly concentrated. So what happens if further consolidation is allowed? It will only get dangerously more consolidated.

In 2003, the FCC issued regulations that relaxed media ownership regulation, which allowed one media company that -- one media company can own in a single community up to three TV stations, eight radio stations, a cable system, and a daily newspaper. I think that's a

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little bit much, and so did the courts. So did the American people. So did Congress.

AUDIENCE MEMBER: We do, too.

COMMISSIONER ADELSTEIN: And I want to hear from you what you think about it. Should we let that happen again? Should we go down that same path, or should we take a different path? What should we do? What does it mean here in Portland?

Three million people nationwide have all said, as some of you said just now, no, that's not a good idea. But thank goodness for the Court of Appeals, which threw the whole thing back in the FCC's' lap back in 2004.

So now we're back at square one, having been chastised by the court for our failure to consider how the proposals we made would affect minority ownership, would affect localism, would affect public interest. So now we're here starting again from scratch, and that's why we need to hear from you.

Now is the time for you to speak up, and you came here to do that. So thank you so much for taking part. We're reviewing all of our rules, how they impact localism, how they impact public interest, and we're reaching out to you directly, the people, to see how you're impacted by the rules, how Portland is impacted by the rules, to better understand how the nature of the

media is affecting you in your daily lives.

I wish we could go to every community like Portland across the country, but we can't. So you have a special role here today in representing many communities that we're not going to go to. And some of us have tried to get out to as many as we can, but the Commission is only going to go to six. I don't think that's enough. I think we should do more. But think of the important responsibility that you have, and the words that you say here today are going to resonate with us back in Washington.

You're speaking for many towns, like the one that you live in and love, about the media and how that's going to be treating people for generations to come. So we need to know how the Commission's rules have affected your local media. We need to know what we can do in our rule making to ensure that your communities' interests are better served; and I, for one, look forward to hearing you tell us.

So thank you for being here.

(Audience applause.)

COMMISSIONER COPPS: Thank you very much.

I think I invested Jonathan with the office of Congress when I introduced him and called him Congressman Adelstein. I don't know if that's cause for

celebration. He's obviously Commissioner Adelstein.

Next we will hear from Commissioner Deborah Tate.

COMMISSIONER TATE: Thank you. Thank you, Commissioner Copps. And certainly I want to thank everyone who is here today and the City of Portland for inviting us and making it possible for us to be here with you. And I also want to join my colleagues in thanking the Governor, and especially Senators Snowe and Collins with whom we work very closely on the Commerce Committee.

You, indeed, have a beautiful, historic, and thriving city, and I can understand why Portland is in the top 10 perfect places in America to live. It truly is lovely.

The issues that we plan to explore with you are very important to me as well, and to all of us, as you have heard, at the FCC. We are keenly aware of the pervasive impact that both radio and television have on our children, on our own daily lives, and on our culture in America.

I take a special interest in the effects of television violence and the amount of advertising of unhealthy foods and beverages, especially during times that children are in the audience. It's my hope that those of you who are here today to represent

broadcasting will not only meet your legal obligations regarding children's core programming, but, more importantly, that you will also provide more balanced, positive and healthy messages to our children. I challenge you tonight to be an industry leader and to help all of us solve what is a national epidemic of childhood obesity in this country.

The Commission began this proceeding to examine how well radio and television stations are serving their communities, you all, before I became an FCC Commissioner. I bring an open and inquiring mind to these issues. Localism, as we all know, refers to the responsiveness of a broadcast station to the needs and the problems of the residents of its community of license.

The concept of localism is a cornerstone of the law and our regulations at the very heart of broadcasting. In return for the right to use the public airwaves, the broadcaster is obligated to air programming that is specifically responsive to the needs of its community. That is your community, and that's what's so important, that we are out visiting communities across the country to actually see and hear both from the licensees, as well as you all whom the licensee serves.

This hearing will provide us the ability to get

beyond the beltway in Washington, and beyond just the political discourse and to learn today directly from you, as we also hear from scholars, businesses, nonprofits and broadcasters, how the broadcasters are serving the needs of the viewers in the Portland area.

I also want to thank those of you all who have taken the time to serve on our panels. An impressive group of broadcasters, academics, journalists, programmers, musicians, representatives of public interest organizations, and others who are uniquely situated to talk with us about these important topics.

More importantly, every one of you in the audience has taken time out of your very busy day to be here because you truly care about these issues. This is precisely why our forefathers meant government that is of the people for the people. So we look forward to hearing from each of you.

Thank you again for your hospitality.

(Audience applause.)

COMMISSIONER COPPS: Thank you, Commissioner Tate.

Now we'll here from Congressman -- Commissioner Robert McDowell.

COMMISSIONER McDOWELL: Thank you Senator Copps.

AUDIENCE MEMBER: We wish.

COMMISSIONER McDOWELL: Anyway, thank you all very,

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very much for -- is this on?

Thank you all very much again for having us. I think what I'll do is actually kind of truncate my remarks a little bit because every minute we speak is a little bit less we get to hear from you.

(Audience applause.)

COMMISSIONER McDOWELL: I will submit the remainder of my remarks for the record, but I think it's important for the great people of the fantastic City of Portland, Maine to understand that this is actually our first hearing on -- specifically on the issue of localism. We designated six hearings across the country for the central discussion of media ownership, but this one is dedicated to localism.

So we do want to hear about what's going on in your local communities. And by the way, localism is not just a good idea. It is the law. So we want to hear how that law is holding up.

I do look forward to hearing from you, the people of Maine, this evening about how the ownership of all the properties, newspapers, radio, TV, et cetera, affects you as viewers, listeners, readers, business people, consumers, and citizens. The questions I'd like answered tonight: Are broadcasters providing this community with the local information and support it

needs; are broadcast stations your primary source for local news and information; is the Internet, with blogs and other alternative sources of content, really competing with traditional broadcasting for local coverage; and what about other outlets for information that we might not be thinking of, if any.

And armed with this information, which only you can provide us, we at the FCC can analyze today's media marketplace and determine if and when and how our rules should change.

So to our distinguished panelists and our audience members and all the folks I hope we can get in front of this mike tonight, thank you so much for having us here and let's get on with the show.

(Audience applause.)

COMMISSIONER COPPS: Thank you, Commissioner McDowell. I too, will abbreviate my statement. I think we have some copies of a longer statement up front, which I hope you will pick up and take a look at.

This is, though, really a continuation of one of the most important, if not the most important, grass roots dialogues going on in our country today; and it has been, really, these issues of the future of our media, the extent of consolidation, how we preserve localism, competition, diversity, has been my highest

priority since I went to the Commission almost six years ago.

Now you're saying, why does this fellow Copps get so wound up about this issue. There's lots of important issues out there. This country is facing issues of peace and war; people finding jobs and holding jobs; of how to educate their kids; of how to find health insurance for 45 million Americans who don't have it; how to expand the vistas of equal opportunity. So what's the big deal about this media consolidation?

When people ask me that question, my response is, well, if you think the current environment is covering that big issue for you, whether it's peace or war or any of those other things, fine, with the verve and vitality and diversity and competition of ideas, fine, you don't need to be too worried about the future of the media.

But if you think those issues might just fare a little bit better in a little more open, a little more diverse, a little more competitive environment, then I think this isn't your first issue. It ought to be your second most important issue because all of those others just get filtered and funneled to an increasingly large mega-media environment.

There are a lot of broadcasters, I think, in the United States of America in whose breast the flame of

the public interest still burns; and not as many as there used to be because there's not as many broadcast station owners as there used to be because of the consolidation that we have been through. But for the ones that remain who are trying to do that, less and less are they captains of their own fate, and more and more are they captives to the unforgiving expectations of the marketplace and Madison Avenue and meeting that quarterly bottom line.

We have got to find a way in this country, I'm convinced, to enhance the public interest expectations and performance of especially consolidated media. I don't think it's acceptable in this day and age that we have veered away from -- take the licensing process that somebody mentioned. Thirty years ago we used to say every three years a station has to come in, demonstrate that they're serving the public interest, and then they get their license renewed by the FCC. Are they teeing up issues of interest to the community? Are they covering the political races, local arts, the community affairs, the city council, local sports?

We used to require that when the owner lived in the community. Now the owner might be 3,000 miles away. We said don't worry about it. Send in that postcard, not once every three years, once every eight years send in a

postcard and it's a slam duck that you'll get your license renewed.

I think we need to go back towards having some public interest obligations and expectations.

(Audience applause.)

COMMISSIONER COPPS: And you know, we don't need to do it in a burdensome way or a super regulatory way, but we do need to have some guidelines. We do need to have some expectations crafted for the 21st century that will make sure the people's airwaves -- and no broadcaster owns an airwave in the United States of America. No special interest owns an airwave. They belong to you. And in return for using those airwaves, they make a living off of them, broadcasters agree to serve the public interest. We need to be more explicit in what is expected of those broadcasters.

So it's a huge debate with many ramifications. I think this industry is far and away the most influential industry in the United States of America because it's how we converse with one another when we're not talking personally or talking in a group like this tonight. It's how we converse as a nation. It's how we sustain ourselves. It's how we sustain our democratic society.

So that's why it's a number one priority for me. But I, too, am here to listen. So I will get off my

soap box now, and we can get on with the -- what I hope will be a very instructive evening.

I want to again thank Portland High School. I want to thank all of our panelists. I want to thank the people from the FCC staff who have been up here working to bring this together, but most of all I want to thank the folks here who took time out. They could be doing a lot of other more pleasant things this evening than being here, but I think it sends a powerful message when people come out on an evening like this. I think it sends a powerful message when we hear a bipartisan theme like we heard from all your members of Congress.

So I think this will be a great evening. We learn so much from these meetings.

At this point I'm going to introduce Clyde Ensslin from the FCC who is going to be the moderator this evening, and he's going to explain to us how we can get through our panels and get through the public dialogue, and do so in such a way that everybody has an opportunity to have some input tonight.

MR. ENSSLIN: Thank you, Commissioner Copps, and Commissioners.

As we move into the first panel discussion this evening, I'd like to briefly review the ground rules.

Panelists, each of you will have five minutes. I

will be strictly enforcing the time limit to leave as much time as possible so that we can hear from the public.

Members of the audience, please listen respectfully to all panelists, even if you disagree with the views that they express. I know that the issues we're discussing today can arouse a lot of passion, but for this hearing to run smoothly and be successful, we need to maintain basic decorum and avoid any unnecessary interruptions.

Participating in this panel, in alphabetical order, are C. Edwin Baker, Professor at the University of Pennsylvania Law School; John Christie, the President of Central Maine Newspapers; Richard D. Gleason, the President and General Manager of the Mountain Valley Broadcasting, Inc.; Ben Haskell, Executive Vice-president and Academic Dean of the New England School of Communications in Bangor, Maine; Katharine Heintz, Ph.D., who is consultant with Children Now; Mal Leary, a reporter with Maine Capital News; Alex von Lichtenberg, the General Manager of Intravision Communications, WUNI-TV; Judy Meyer, the Managing Editor of the Sun Media Group, including the Sun Journal; Chellie Pingree, former President of Common Cause, formerly a Maine Senator; Dennis Ross, owner and manager

of WJZP Community Radio Station; Shelby Scott, who is the former President of the American Federation of Television and Radio Artists and a former Boston TV news anchor; and Steve Thaxton, the President and General Manager of WCSH-TV right here in Portland.

Mr. Baker.

MR. BAKER: Thank you.

Unsurprisingly the reasons to favor local media ownership and dispersal of media ownership and to oppose cross ownership and media mergers represent a single set of concerns. These concerns relate most importantly to the democratic structure of our society, a non-commodified value to which the market does not even pretend to respond. These concerns also relate, as economists say, with providing people with the media they want and value. The first point cannot be understood without some democratic theory, the second without some economic theory.

True democracy implies as wide as practical a dispersal power and a voice within public discourse. Dispersal directly furthers a more egalitarian allocation of communicative power. This democratic distributive value provides a proper policy basis to prohibit most media mergers and increase the number of separate owners. The Supreme Court approved essentially

this value judgment when it held that strict limits on media cross ownership are appropriate to prevent an undue concentration of economic power specifically in the communications realm.

Think structural. The widest possible dispersal of media ownership also provides various structural safeguards of inestimable democratic significance. Concentrated ownership in any local, state, or national community creates the possibility of an individual decision-maker exercising enormous unchecked, undemocratic, potentially irresponsible or demagogic power. No democracy should risk this danger.

Secondly, dispersal also reduces the likelihood of conflicts of interest between the journalistic integrity of a media entity and the corporate owner's other economic or political interests.

Finally, dispersal increases safety by increasing the number of ultimate decision makers who have the power to commit and direct journalistic resources towards exposing government or corporate corruption into identifying other societal problems. This last point led you, the FCC, 35 years ago, to say a proper objection -- objective is the maximum diversity of ownership.

Combined, these democratic distributive benefits

and structural safeguards are the most important reasons for concern with media policy -- media ownership policy, and these are reasons that are completely ignored by most market-oriented economic analyses.

But there is another point that sensible world policy must not ignore. Economic theory predicts that the special attributes of media products cause markets to dramatically fail to provide people with the media content they want.

Two economic points are especially important here. First, one reason media fail to provide what people want relates to what economists call externalities, both positive and negative. For example, in addition to the readers and viewers, many non-readers of a newspaper or non-viewers of broadcast news benefit by the papers' or stations' high quality investigative journalism that deters or exposes corruption.

These benefits to non-audience members do not generate revenue for the media entity. The result is that the media entity has too little profit-based concern to produce good journalism. The market encourages the media to produce too much content where it does not pay the full cost where it has negative externalities, like stimulating violence or sexism, and too little of the content for which it does not receive

compensation for the benefits it produces, like investigative journalism.

Thus profit maximizing, bottom-line orientation leads media entities to produce less good journalism than it would if people got the media they want, as measured by economists' market criteria, willingness and ability to pay.

Second, the unique nature of media products, especially those related to high cost -- high first copy, low duplication costs, result in successful media entities tending to be particularly high profitability enterprises. Empirical research bears out this theoretical prediction.

Given these facts about media -- market failures and high profitability, the policy goal ought to be get ownership in the hands of the people most likely to devote a larger portion of the media entities' potentially high operating profit into better journalism, rather than try to maximize their profits.

Sociologically, high and mid-level executives of publicly traded large media companies particularly measure their success and are rewarded largely based on the profits they produce. In contrast, smaller, more local, more family-based entities often identify with the quality of the journalistic products and with the

service to their communities.

Structurally, mergers exacerbate this problem because of the capitalization of the media of the protected profits so they have to be profit oriented.

My time is up.

(Audience applause.)

MR. ENSSLIN: Thank you, Mr. Baker.

Mr. Christie.

MR. CHRISTIE: I am the publisher of two daily newspapers, the Kennebec Journal, based in Augusta, which is the oldest daily newspaper in Maine, and the Morning Sentinel, based in Waterville. The papers have a combined daily and Sunday circulation of more than 30,000 and a combined print and online readership of 84 percent of our market.

Central Maine newspapers is a division of Blethen Maine Newspapers, which is owned by the Blethen family, the Seattle Times Company, whose founder, Alden Blethen, was born and raised in central Maine.

I was born just about an hour from here in Dover, New Hampshire. My career began in a family-owned newspaper north of Boston. It was later sold to a publicly-traded company, Dow Jones & Company, has been sold twice since then. I worked for 15 years for another public company, Tribune, at its South Florida

paper. Seven years ago I returned to family-owned newspapers and hope to conclude my nearly 40 year career with the Blethen newspapers. While more than half my career has been as a reporter editor in New England and Florida, and the rest has been on the corporate side.

When I accepted the job in Maine, Frank Blethen sent me a short note with one instruction in it. It wasn't about cash flow, and it wasn't about expense control, and it wasn't about profits. It said, our family's aspirations are for each of our newspapers to be the best in the country for the size.

The seven years since then have been a continuous effort to live up to Frank's aspirations. And the best way to do that is to devote ourselves to providing the range of local news, from the prosaic to the profound.

We can do that because we have a news staff that is much larger than is typical of newspapers our size. The rule of thumb in our industry has always been one newsroom position for every 1,000 in circulation. Interpreting that generously, we should have no more than 35 reporters, photographers, editors, and news clerks, but have 60, all of them devoted to local news.

No town and no story is too small for our attention. In yesterday's paper we had stories about the local bumper crop of strawberries; the decision of

the Town of Clinton to keep paying its water and light bill; a feature about an Eagle Scout; and profiles of the top ten graduates at the local high school.

As newspapers dedicated to local news and staffed to do it well, we do the big pieces, too. Just this year we investigated the police department in the small town of Wilton and revealed the police there almost never made an arrest for domestic violence, despite a series of recorded incidents. Most of the officers were subsequently replaced.

Our job is also to bring national and world news to central Maine by finding the local angles. For example, within a few weeks we will publish a week-long series on hunger in Maine that will bring home to our readers the effect of changes in the Federal food stamp and food subsidy bills. This will be an editorial page series. Usually only major metro papers attempt editorial series, but the Blethen mandate to be the best of our size fuels and supports our ambitions.

Another guiding principle of localism is to be a watchdog over local government. That can cause a budget drain because we often have to mount legal challenges to keep meetings and court proceedings open and to obtain documents in the public interest.

At our newspapers, there are no restrictions on

legal bills to help the newsroom get the story. In my tenure in Maine we have spent more than \$100,000 defending the First Amendment, money that would have otherwise fallen right to the bottom line.

I can do this because even in the challenging environment -- financial environment we operate today as a newspaper, the ownership of my newspapers have made it clear to me that our job is serving the community by fulfilling our role as watchdog.

The vision statement for our newspaper says, we're devoted to our role in a democratic society: To provide unbiased and accurate news coverage, with an emphasis on our region. That's what drives us, and that's what our ownership expects.

Corporately-owned media outlets may also believe in that role and have good intentions about localism, but in my experience, those intentions take a back seat to earnings.

Consolidation strategies are about producing coverage from a central location and cutting news staffs. But reporters and editors who don't live, raise their children, shop and recreate with the people they write for will not be able to truly do local journalism. They will be out of touch with the people they are serving, and that is fatal to the concept

localism. Equally threatened by consolidation is the opinion pages of newspapers.

In the Blethen family of newspapers, each paper has its own editorial board. They alone determine editorial positions, including endorsements. They alone select the range of syndicated and local columnists. It would be cheaper and more efficient -- and politically more powerful -- to combine and standardize these efforts, but they would lose both their independence and their localness.

Media groups with their eyes more on Wall Street than Main Street can, and probably have, fallen into this trap. Annual five-figure legal bills for a small newspaper like mine will not survive corporate-style budgeting. No publisher escapes the requirement to produce revenue and control expenses. The difference in the family-owned and value-based ownership like the Blethen's is that good financial results are not an end.

At independent newspapers -- at an independent newspaper, good financial results are a means to doing our jobs, providing our communities with local news they need to be good citizens.

Thank you.

(Audience applause.)

MR. ENSSLIN: Mr. Gleason.

MR. GLEASON: Commissioners, thank you for coming. It's a thrill to have you. As a broadcaster, you know that it's more meaningful to me than it might be to others. It's a thrill to have you here in Maine, and thank you for your service.

I'm Richard Gleason, and I've been sole owner and operator of radio stations in Maine since 1975, a total of 32 years. I think you could call me the poster child of the fantasy broadcaster that you're all talking about.

(Audience applause.)

I now own three AM and two FM stations, including WEZR whose note pad is on your desk. I hope you enjoy it.

I go so far back, that the first radio station I bought in 1975 was an FM, and we had to go out and get people to buy converters to put underneath their dashboards in order to pick up FM.

Since today's topic is perspectives on localism, I want to begin with some historical background. Back in the '20's, when a new wireless technology was being introduced, the president at the time was Herbert Hoover. There was interest in that technology, but Hoover didn't want the government to be involved, so he

went to major corporations wanting them to take the risk.

Right then and there our broadcasting structure began from a business perspective, with a goal of balancing risk and profit.

(Audience applause.)

Once that business model had begun, broadcasters were faced with trying to serve two groups. We've talked so far about the public, potential listeners, but we also need to talk about potential advertisers.

Localism means working hard to drive the economy by helping advertisers get customers. For example, Commissioner Adelstein, I enjoyed your comments, but there were a lot of things I disagreed with you on. Since I've been doing this for 32 years, I've seen all the rules.

The 25 mile studio rule you mentioned. That 25 mile studio rule has enabled me to cut costs, and, therefore, cut my advertising prices so that the small businesses can afford to advertise with me. It is important that we balance both.

It then became a case of who could do the best job giving people what they wanted to hear. My definition of localism is find out what the local people want to hear, then give it to them. Whoever does the best job